

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Berrien County Brownfield Redevelopment Authority	County Berrien
Audit Date December 31, 2005	Opinion Date April 13, 2006	Date Accountant Report Submitted to State: June 5, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

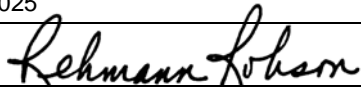
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

**BERRIEN COUNTY BROWNFIELD
REDEVELOPMENT AUTHORITY**

**(A Component Unit of
Berrien County, Michigan)**

St. Joseph, Michigan

BASIC FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2005**



REHMANN ROBSON

Certified Public Accountants

BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY
(A Component Unit of
Berrien County, Michigan)

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REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**



INDEPENDENT AUDITORS' REPORT

April 13, 2006

Board of Directors
Berrien County Brownfield Redevelopment Authority
St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the ***Berrien County Brownfield Redevelopment Authority, a component unit of Berrien County, Michigan***, as of and for the year ended December 31, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the ***Berrien County Brownfield Redevelopment Authority*** as of December 31, 2005, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Net Assets and
Governmental Fund Balance Sheet
December 31, 2005

	<u>Governmental Fund</u>	<u>Full-Accrual Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and investments	\$ 212,190	\$ -	\$ 212,190
Due from other governments	485,261	-	485,261
Notes receivable	847,917	-	847,917
	<hr/>	<hr/>	<hr/>
Total assets	1,545,368	-	1,545,368
Liabilities			
Advances from other component unit	1,500,000	-	1,500,000
	<hr/>	<hr/>	<hr/>
Fund balances			
Unreserved, undesignated	\$ 45,368	(45,368)	-
	<hr/>	<hr/>	<hr/>
Net assets			
Unrestricted		\$ 45,368	\$ 45,368
		<hr/>	<hr/>

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2005

	<u>Governmental Fund</u>	<u>Full-Accrual Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Charges for services	\$ 45,621	\$ -	\$ 45,621
Operating grants and contributions	989,419	-	989,419
Interest revenue	<u>79,737</u>	<u>-</u>	<u>79,737</u>
Total revenues	1,114,777	-	1,114,777
Expenditures/expenses			
Health and welfare	<u>1,048,662</u>	<u>-</u>	<u>1,048,662</u>
Revenues over (under) expenditures	66,115	(66,115)	
Change in net assets		66,115	66,115
Fund balances/net assets			
Beginning of year (deficit)	<u>(20,747)</u>	<u>-</u>	<u>(20,747)</u>
End of year	<u><u>\$ 45,368</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,368</u></u>

BASIC FINANCIAL STATEMENTS

BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

Notes To Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – These financial statements present the activities of the Berrien County Brownfield Redevelopment Authority (the “Authority”). The Authority was established on January 13, 2000, pursuant to Public Act 381 of 1996. The primary purpose of the Authority is to revitalize environmentally contaminated properties in Berrien County. The Authority’s activities are primarily funded through grants.

The Authority is a component unit of Berrien County, Michigan (the “County”) because the County appoints the Authority’s Board of Directors, it has the ability to significantly influence the Authority’s operations, and it is financially accountable for the Authority as defined under GASB Statement No. 14, *The Financial Reporting Entity*. Accordingly, the Authority is presented as a discrete component unit in the County’s financial statements and is an integral part of that reporting entity.

Government-wide and Fund Financial Statements – As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. Major individual governmental funds are reported as separate columns in the aforementioned financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation – The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

Notes To Basic Financial Statements

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports a single major governmental fund, which is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund, if any. The County did not adopt a budget for this fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

2. POOLED CASH AND INVESTMENTS

At year-end, the carrying amount of the Authority's pooled cash and investments, which were deposited entirely in the County's internal cash management pool, was \$212,190. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categorizations are presented in the County's basic financial statements.

3. NOTES RECEIVABLE

The Authority has entered into an agreement to advance funds to a local business in the amount of \$925,000 at the prime rate plus 1%. Notes receivable are reported at an amount equal to the outstanding principal (plus accrued interest). As of December 31, 2005, \$847,917 of the principal payment was outstanding. Of this balance, \$154,167 is scheduled to be collected within one year. Monthly payments under this agreement are equal to the related bond principal and interest due each month.

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